



WILLIAM T FUJIOKA  
Chief Executive Officer

County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
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Fifth District

July 01, 2014

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**DEPARTMENT OF HEALTH SERVICES:  
RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER  
AIR QUALITY MANAGEMENT DISTRICT RULE 1146 COMPLIANCE PROJECT  
APPROVE PROJECT BUDGET INCREASE AND APPROPRIATION ADJUSTMENT  
AUTHORIZE AWARD OF CONTRACT  
CAPITAL PROJECT NO. 87076  
FOURTH DISTRICT  
(3 VOTES)**

**SUBJECT**

Approve an increase to the Project budget at \$1.0 million for Rancho Los Amigos National Rehabilitation Center Air Quality Management District Rule 1146 Compliance Project from \$1.2 million to \$2.2 million, approve an appropriation adjustment in the amount of \$1.0 million, and authorize the Internal Services Department to award a contract to retrofit the existing boilers at the Rancho Los Amigos National Rehabilitation Center in compliance with the South Coast Air Quality Management District Rule 1146 requirements.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve a budget increase at \$1,000,000 for Rancho Los Amigos National Rehabilitation Center Air Quality Management District Rule 1146 Compliance Project, Capital Project No. 87076, from \$1,200,000 to \$2,200,000.
2. Approve an appropriation adjustment to reallocate \$1,000,000 from Health Services Various Improvement Project, Capital Project No. 86937, to the Rancho Los Amigos National Rehabilitation Center Air Quality Management District Rule 1146 Compliance Project, Capital Project No. 87076.

3. Authorize the Internal Services Department, as the County's Purchasing Agent, to proceed with the acquisition and installation of equipment at a cost not-to- exceed \$1,400,000.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended actions will approve an increase to the Rancho Los Amigos National Rehabilitation Center Air Quality Management District Rule 1146 Compliance Project (Project) budget from \$1.2 million to \$2.2 million, approve an appropriation adjustment, and authorize Internal Services Department (ISD) to proceed with the acquisition process to retrofit three existing boilers at the Rancho Los Amigos National Rehabilitation Center (Rancho) in compliance with the South Coast Air Quality Management District (SCAQMD) Rule 1146 requirements.

#### **Background**

On March 29, 2011, the Board authorized ISD to proceed with the acquisition process to retrofit the boilers at Harbor/UCLA Medical Center (H-UCLA) and Rancho, to replace the boilers at the LAC +USC Medical Center (LAC+USC), and to retrofit the duct burner systems at Olive View-UCLA Medical Center (OVMC), to comply with Air Quality Management District (AQMD), Rule 1146 emission requirements.

The County was successful at meeting the AQMD improvements and AQMD deadlines at H-UCLA, LAC+USC, and OVMC with the exception of the retrofit of the boiler systems at Rancho.

The selected contractor for Rancho and, subsequently, the selected contractor's surety company, has been unsuccessful at meeting the contractual specifications and AQMD requirements for the Rancho project, which has necessitated the need to engage another vendor to complete this work.

The cost to retrofit the boilers and meet AQMD compliance for Rancho is estimated at a not-to-exceed \$1.4 million based upon bids received by ISD. The current Project budget has a remaining balance at \$400,000, requiring a supplement at \$1.0 million, which will increase the current Project budget from \$1.2 million to \$2.2 million.

On May 27, 2014, a confidential Board memo was distributed to the Board, as prepared by County Counsel, which outlined further details in regard to the issues encountered by the selected contractor and their surety company.

Due to the contracting issues and extended time frames related to this Project, Department of Health Services (DHS) is expected to receive fines from the SCAQMD as a result of not meeting the deadlines as specified by SCAQMD Rule 1146. The County continues to work with SCAQMD in regard to our plans for achieving final compliance at Rancho and is negotiating the final disposition of these fines that are likely to be imposed on this Project.

#### **Green Building/Sustainable Design Program**

The Project will support the Board's Policy for Green Building/Sustainable Design Program by installing more efficient boiler systems, which will reduce the overall NOx emissions and greenhouse gases to the atmosphere.

### **Implementation of Strategic Plan Goals**

Approval of the recommended actions supports County Strategic Plan Goals of Operational

Effectiveness (Goal 1) by Environmentally Responsible Practice to reduce County's Carbon Footprint and promote environmental stewardship.

### **FISCAL IMPACT/FINANCING**

The cost to retrofit the boilers at Rancho is estimated at a not-to-exceed amount of \$1.4 million based upon bids received. The current Project budget has a balance at \$400,000. The attached appropriation adjustment will transfer the remaining required funding of \$1.0 million from Health Services Various Improvement Project, Capital Project No. 86937, to the Rancho Los Amigos National Rehabilitation Center Air Quality Management District Rule 1146 Compliance Project No. 87076, to cover the additional costs to complete this Project.

Sufficient appropriation is available in the Fiscal Year 2014-15 Capital Projects/Refurbishment Budget to fully fund the Project.

Any settlement costs related to this case obtained from the previously selected vendor and/or their surety company will be transferred back to the Project, Capital Project No. 87076.

The revised Project Schedule and Budget Summary is included in Attachment A.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The acquisition of the equipment for the Project falls within the statutory authority of the County Purchasing Agent. However, because the services associated with the installation of equipment will exceed the authority of the County's Purchasing Agent, the Board approval is required to proceed with this aspect of the acquisition process.

In accordance with the Board's Civic Art Policy adopted on December 4, 2004 and amended on December 15, 2009, Civic Art fees do not apply to the proposed Project as the Project is related to retrofit of existing central plant equipment and are technical in nature as specified in the policy.

The design, permitting, and installation required for the Project is managed by the ISD Energy Management Division. ISD has been given delegated authority by the Board to acquire and install energy efficient building systems within existing County facilities.

### **ENVIRONMENTAL DOCUMENTATION**

The Project is categorically exempt from the California Environmental Quality Act (CEQA) according to Section 15301(a) (d) and Section 15302 of the State CEQA Guidelines and Class 1(d) of the Document Reporting Procedures and Guidelines because the Project provides for minor alteration and repair, or replacement of existing facilities and mechanical equipment involving negligible or no expansion of an existing use.

### **CONTRACTING PROCESS**

The equipment and related services for this Project will be requisitioned through, solicited, and awarded by the County's Purchasing Agent in accordance with the County's Purchasing policies and procedures.

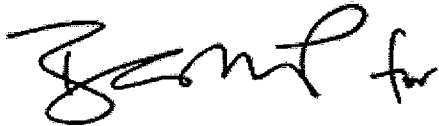
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended actions are not expected to impact County services at the facility since the boiler retrofit work will be completed in phases, while adequate boiler back-up systems are in place.

**CONCLUSION**

Please return one adopted copy of the Board letter to the Chief Executive Office, Facilities and Asset Management Division; Department of Health Services, Capital Projects Division; and Internal Services Department, Energy Management Division.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "W. T. Fujioka", followed by a small "for" written below it.

WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:SHK:DJT  
SW:TH:rp

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Arts Commission  
Health Services  
Internal Services

**DEPARTMENT OF HEALTH SERVICES:  
RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER  
AIR QUALITY MANAGEMENT DISTRICT RULE 1146 COMPLIANCE PROJECT  
APPROVE PROJECT BUDGET INCREASE AND APPROPRIATION ADJUSTMENT  
AUTHORIZE AWARD OF CONTRACT  
CAPITAL PROJECT NO. 87076  
(FOURTH DISTRICT)  
(3 VOTES)**

**I. PROJECT SCHEDULE**

<u>Project Activity</u>	<b>Board Approved Completion Date</b>	<b>Revised Completion Date</b>
Contract Award		July 2014
Design	April 1, 2011	August 2014
County Approval	July 6, 2011	September 2014
Construction Start	July 7, 2011	October 2014
Equipment Procurement	August 1, 2011	November 2014
Construction Substantial Completion	February 15, 2012	May 2015

<b>II. BUDGET SUMMARY</b>	<b>Previously Approved Budget*</b>	<b>Impact of this Action</b>	<b>Current Project Budget</b>
<u>Budget Category</u>			
Design	\$50,000	\$45,000	\$95,000
Equipment	\$864,000	\$600,000	\$1,464,000
Installation	\$191,000	\$230,000	\$421,000
Planning Contingency	\$75,000	\$95,000	\$170,000
Testing/Inspection/Technical Support	\$20,000	\$30,000	\$50,000
<b>Total Project Cost</b>	<b>\$1,200,000</b>	<b>\$1,000,000</b>	<b>\$2,200,000.00</b>

\*\$400,000 remains from the previously approved project budget.

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BA FORM 03/13

BOARD OF  
SUPERVISORS  
OFFICIAL COPY

COUNTY OF LOS ANGELES

**REQUEST FOR APPROPRIATION ADJUSTMENT**

**DEPARTMENT OF CHIEF EXECUTIVE OFFICE**

DEPT'S. NO. 060

July 1, 2014

**AUDITOR-CONTROLLER:**

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

**ADJUSTMENT REQUESTED AND REASONS THEREFOR**

**FY 2014-15**

**3 - VOTES**

**SOURCES**

HEALTH SERVICES  
HS-Various Refurbishments  
A01-CP-6014-65036-86937  
Capital Assets - Building Improvements  
DECREASE APPROPRIATION

\$1,000,000

**USES**

HEALTH SERVICES  
Rancho Los Amigos AQMD Rule 1146 Compliance  
A01-CP-6014-65036-87076  
Capital Assets - Building Improvements  
INCREASE APPROPRIATION

\$1,000,000

**SOURCES TOTAL: \$ 1,000,000**

**USES TOTAL: \$ \$1,000,000**

**JUSTIFICATION**

This appropriation is necessary to fully fund the Rancho Los Amigos AQMD Rule 1146 Compliance, CP/87076.

  
AUTHORIZED SIGNATURE [NAME]

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

REFERRED TO THE CHIEF  
EXECUTIVE OFFICER FOR ---

☐ ACTION

☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY

B.A. NO. 001

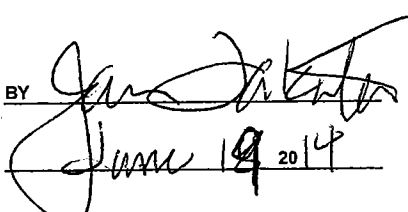
June 19, 2014

☒ APPROVED AS REQUESTED

☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

  
June 19, 2014